

**ANALYZE OF FACTORS AFFECT DISCLOSURE ISLAMIC SOCIAL
REPORTING IN MANUFACTURING COMPANY LISTED IN
INDONESIA SHARIA STOCK INDEX YEAR 2013-2016**



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Bachelor degree of Economics**

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APPROVAL

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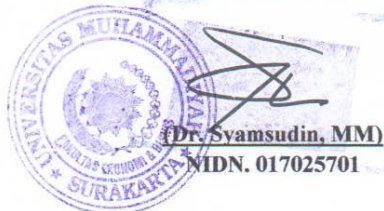
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ANALYZE OF FACTORS AFFECT DISCLOSURE ISLAMIC SOCIAL REPORTING IN MANUFACTURING COMPANY LISTED IN INDONESIA SHARIA STOCK INDEX YEAR 2013-2016

Abstract

Reporting about Islamic Social Research (ISR) is still only oriented to sharia banking companies, research rarely about ISR for non-banking companies and others financial institutions, especially in Indonesia. This study Aims to analyze factors - factors that Affect disclosure ISR. The population in study are company in Indonesia Sharia Stock Index (ISSI) in BEI. The selection of the sample using purposive sampling method with the criteria of the manufacturing sector companies that perform with completed annual report on 2013 to 2016, listed in ISSI and as well as the use of currency. The analytical method used is multiple regression method. Sample Obtained a number of 300 samples. Results from this study indicate that the company's profitability and firm size Affect the disclosure of ISR, for firm age Significantly negatively influence the ISR. Otherwise Independent Commissioners and public shareholders did not Significantly influence the ISR.

Keywords : *Islamic Social Reporting, Indonesia Sharia Stock Index, profitability, firm size*

Abstrak

Penelitian mengenai pelaksanaan ISR saat ini masih berorientasi pada perusahaan perbankan syariah saja, jarang penelitian mengenai pelaksanaan ISR dilakukan untuk perusahaan non perbankan dan lembaga keuangan lainnya seperti pasar modal terutama di Indonesia. Penelitian ini bertujuan untuk menganalisis faktor – faktor apa yang mempengaruhi luas pengungkapan ISR. Sampel yang digunakan dalam penelitian ini adalah perusahaan manufaktur yang menerbitkan laporan tahunan pada tahun 2013 – 2016 dengan lengkap, terdaftar di Indeks Saham Syariah Indonesia (ISSI) dan menggunakan mata uang rupiah. Metode analisis data yang digunakan dalam penelitian ini adalah model analisis regresi berganda. Sample yang didapat sejumlah 300 sampel. Hasil penelitian menunjukkan bahwa profitabilitas dan ukuran perusahaan berpengaruh positif terhadap pengungkapan *Islamic Social Reporting* (ISR), untuk variabel umur perusahaan berpengaruh negatif terhadap *Islamic Social Reporting* (ISR), sedangkan komisaris independen dan kepemilikan saham publik tidak berpengaruh positif terhadap pengungkapan *Islamic Social Reporting* (ISR).

Kata kunci: *Islamic Social Reporting, Indeks Saham Syariah Indonesia, Profitabilitas, ukuran perusahaan.*

1. INTRODUCTION

Research about implementation of the ISR is still oriented enterprise Islamic banking course, seldom research about implementation of the ISR for non banks and other financial institutions such as capital markets, especially in Indonesia, so the concept of ISR is still less widely used (Kurniawati Mahardhika (2016)). Measurement of ISR on company sharia still refers Initiative Global Reporting Index (GRI). Use the GRI index on Sharia company is not appropriate because syariah company should disclose and describe the information that prove if the activity of company activities according to Islamic principles. This is evidenced by previous studies conducted Sofyani et al (2012).

Haniffa (2002) said there are limitations in conventional social reporting so that se is make a conceptual framework ISR based on rules of sharia which can help company on fullfill obligations to God and society. Every small or large scale companies existing in the implementation of operational must have an impacts to the surrounding environment of the company.

According to Azhar and Rina (2013) Islamic Social Reporting (ISR) is a shape of social responsibility of a company relevant with the principles of Islam. ISR index contains a compilation of items CSR standards applied by AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions), which then be developed further by researchers CSR regarding items that should be disclosed by an Islamic entity.

Islamic capital market have a big influence to increase the market share of sharia-based company. So, that is need a good reporting to investors do not only need a financial statement information. Shariah-based company will give others information related of sharia company such as information describing that a company can contribute to the sustainable economic development (Anggriani, 2015).

1.1. LITERATURE REVIEWS AND RESEARCH HYPOTHESIS

1.1.1. Literature Reviews

a. Legitimacy theory

Dowling and Pfeffer (1975) in Ghazali and Chariri (2007: 411) explains that the theory of legitimacy is very helpful to analyse behavior of organization. Dowling and Pfeffer said (p. 131):

"Because legitimacy is important for organization, the limitations imposed by norms and social values, and the reaction to these restrictions encourage the importance of organizational behavior analysis with caring for the environment."

b. Stakeholder theory

Freeman et al (2004) in Putri (2014) explain that the theory of stakeholders means the set of policies and practices directed against anything related to stakeholders, values, compliance with legal requirements, respect people and the environment, as well as the commitment of business to contribute to sustainable development ,

c. *Islamic Social Reporting*

According Maliah et al (2003) in Arsyi Rafdi Abi (2014) Islamic social reporting (ISR) is an extension of social reporting which include not only public expectations regarding the company's role in the economy, but also company's role in the spiritual perspective. In ISR, the emphasis is focus on social justice beyond the environmental report, rights of minorities and employees.

d. Indonesian Sharia Stock Index

According Hadli (2014) ISSI constituents consist of all shares listed the Stock Exchange syariah. ISSI also became the main reference that describes the performance of all shares listed IDX syariah, and help eliminate the misunderstanding of people who think that the syariah shares only consists of 30 stocks included in the JII.

e. Profitability

Mardiyanto (2009: 196) in Marxal (2014) ROE is ratio used to measure success of the company to generate profits for shareholders. ROE is the ratio that indicates the company's ability to generate net income to return on equity for shareholders. ROE is also a financial ratio used to measure the level of profitability from equity. The higher ROE indicates more efficiently the company used their own capital to generate net profit.

f. Firm Age

According Keiso et al (2011) in Aristika et al (2016) the company was established for a unlimited period of time and not set up only for a few years. According to Latifah et al (2011) in Saputro (2013) Measurement of a company's age is calculated since the founding of the company listed BEI to the observation data (annual report) was made.

g. Independent Commissioner

According Putra Viri (2017) independent commissioner is a member of board commissioner who is not affiliated with the directors, commissioners and other controlling shareholders, as well as free business relationship or other relationship which could influence the ability to act independent act in the company.

h. Company size

Company size is a variable which often used to explain social disclosure by the company in the annual report where they has made. This study uses a proxy total assets acquired from the statement of financial position at the end of the period the company in the company's annual report.

i. Public Shareholding

Go public company and listed on the Stock Exchange Indonesia are companies that have a proportion of share ownership by the public, which means that all the activities and state of the company must be reported and acknowledged by public as one of point of shareholders (Nurman and Dewi (2013)).

1.1.2 Research Hypothesis

a. The effect profitability on disclosure of islamic social reporting

Nurman and Dewi (2013) and Widiawati (2012) use ROE as a proxy for profitability factor. According Widiawati (2012) found a positive effect of profitability influence manufacturing, non-manufacturing companies, companies that use Islamic banks and companies that did not use Islamic banks to conduct ISR disclosure. Otherwise Faricha (2015) said profitability did not significantly influence the ISR.

Stakeholder theory supports a positive relationship profitability to ISR. This theory said the company is not only operating entity for its own sake, but to be able to provide benefits for stakeholders. The more powerful stakeholders, the greater companies efforts to adapt (Gray, Kouhy and Adams, 1994 in Chariri, 2008, p. 159). Based on results of previous studies there are indications that the higher profitability will be more extensive disclosure of information include information about islamic social reporting. Based on description of some previous research, the hypotheses for this research is:

H1: Profitability affect on level of disclosure Islamic Social Reporting (ISR) on manufacturing company

b. The effect firm age on disclosure of islamic social reporting

Age firm views on how long the company is rising. Haniffah and Cooke (2002) in Wulandari (2017) said the company with an older age will make more extensive disclosures to show their compliance with the rules. Lestari (2015) said variable firm age showed a significant influence on disclosure of ISR. Raditya (2012) and Faricha (2015) said firm age did no significantly effect on the disclosure of islamic social reporting. Based on the results of previous research company with an older age will undertake social responsibility disclosure compared with younger companies. Based on description of some previous research, the hypotheses for this research is:

H2: Firm Age affect on level of disclosure Islamic Social Reporting (ISR) on manufacturing company

c. The effect independent commissioner on disclosure of the islamic social reporting

Based on research by Faricha (2015) and Nurman (2013) about Influence of independent commissioner on ISR shows the results of an independent commissioner significant effect on the ISR. Otherwise, Anggraini (2017) said that the board commissioner did not effect on the level of disclosure of ISR. Based on the results of previous studies, the presence of independent commissioner can help company to oversee the management company included directing the company in the disclosure ISR widely. So, hypothesis that will be proposed in this study based on the description above:

H3: Independent Commissioner affect on level of disclosure Islamic Social Reporting (ISR) on manufacturing company

d. The effect company size on disclosure of the islamic social reporting

Based on previous research by Othman et al. (2009), Widiawati (2012) and Hadli (2014), which prove that the size of company measured by total assets proxy positively influences the ISR. So, researcher want to see the effect of size company that use proxy Total Assets formulated into hypotheses:

H4: Size influential companies the level of disclosure of Islamic Social Reporting (ISR) manufacturing company

e. The effect public shareholding on disclosure of the islamic social reporting

All go public company was listed on the Stock Exchange are companies which have a proportion of share ownership by the public, which means all the activities and state of the company must be reported and acknowledged by the public as one point of shareholders (Putra and Rahardjo (2011)) in Nurman & Dewi (2013)). Company who shares are widely held public shows company has high credibility in society and consider capable of operating continuously (going concern) so inclined to make disclosure of social information more widely

(Badjuri, (2011) in Nurman & Dewi (2013)). Research conducted by Raditya (2012), Nurman (2013) and Hadli (2014) said stock ownership did not affect the level of disclosure of ISR. So, researcher want to determine the effect of each public ownership into a hypothesis based on the above:

H5: influential public shareholding the level of disclosure of Islamic Social Reporting (ISR) manufacturing company

2. RESEARCH METHODS

2.1 Types of research

This type of research is a quantitative research. This study analyzes the factors that influence the Islamic Social Reporting on manufacturing companies listed in Indonesia Sharia Stock Index year 2013-2016.

2.2 Population

The population in this study are the companies listed on ISSI in Indonesia Stock Exchange announcement No. Peng-00 909 / BEI.OPP / 11-2016 dated 30 November 2016 as many as 331 companies.

2.3 samples

The author conducted a phase sampling using purposive sampling with the following criteria:

- 1) Manufacturing companies listed in Indonesia Sharia Stock Index for fourth period (2013-2016).
- 2) Elimination Companies that do not use the rupiah currency during the fourth period (2013-2016).
- 3) Elimination companies do not complete annual report during the fourth period (2013-2016).

In this study using time series data because it has demand amount of data collected during four periods. The total number of samples are 75 companies multiplied four periods into 300 companies.

2.4 Data and Data Sources

The main data source in this research is annual report companies listed on the Indonesia Stock Exchange and can be seen on www.idx.co.id, Site to search for the names of the companies listed in Indonesia Sharia Stock Index is www.idx.co.id and www.syariahsaham.com.

2.5 Variables Research and Measurement

1) Islamic social reporting (Dependent Variable)

The dependent variable used in this study was Disclosures Islamic Social Reporting (ISR), which is calculated by the index Islamic Social Reporting (ISR) in this study consisted of 43 items of disclosure. Given 1 values every item has on annual report, and given 0 values if every item has not on annual report.

2) Variables (Independent Variable)

a. profitability

Profitability in this study was measured using the Return On Equity (ROE). According Widiwanti & Raharja (2012) using ROE has an influence on the disclosure ISR which means that the disclosure is considered by the shareholders. Therefore, if the value of high ROE, the disclosure of ISR in a company will be more extensive.

$$ROE = \frac{\text{Earning after tax}}{\text{Total equity}}$$

b. Firm age

Age companies is calculated by finding the difference between years of research with the recording or the IPO (first issue) on the Stock Exchange. This measurement is performed on the date listed company on the Stock Exchange because at that time the company will begin publishing its financial statements to users of financial statements (Wildham Bestivano, (2013) in Harahap, et al (2017)).

c. Independent Commissioner

Independent commissioner is calculated by adding up the number of independent commissioner members divided by total commissioners Lestari (2013).

$$\text{Independent Commissioner} = \frac{\text{Number of independent commissioner}}{\text{Number of Board Commissioner}}$$

d. Company size

Company size in this study was measured by a proxy total assets of each company at the end of the financial period.

$$UP = \log N \text{ Total Aset}$$

e. Public Shareholding

Shareholding in this study was measured by dividing the total public shares with stock and multiplied by 100%. This ratio indicates the portion of the company's shares owned by the public.

$$\text{Public Shareholding} = \frac{\text{Public Shrae}}{\text{Amount of share}} (100\%)$$

2.6 DATA ANALYSIS METHOD

Methods of data analysis used multiple regression analysis model. Before performing multiple linear regression analysis, the classical assumption test (normality test, multikoliniearitas, heterokedastisitas test, and autocorrelation test) must be done first to get a result if the data are normal distributed.

3. RESULTS AND DISCUSSION

3.1 descriptive analysis

Table 1
Descriptive Test Results

	N	Min	Max	mean	Std. deviation
ISR	300	0.16	0.76	0.56	0.11
PROF	300	-0.2	51.10	0.29	2,95
AGE	300	0,00	39,00	19.08	8.40
UKDI	300	0,00	0. 80	0.39	0.10

SIZE	300	20.28	41.95	27.93	2.16
SAPUB	300	0,00	0.67	0.25	0.16

source: processed writer

The research results of descriptive statistics of total disclosure of ISR is 0.56. The maximum value for the disclosure of ISR is 0.76 and the minimum value in the disclosure of ISR is 0.16 with a standard deviation of 0.11. Profitability as measured by ROE shows that the average value is 0.29 to a maximum value is 51.10 and a minimum value is -0.20 with a standard deviation is 2.95. Firm age have average value is 19.08 with a maximum value is 39 and a minimum value is 0.00 and a standard deviation is 8.40. Independent commissioner have average value is 0.39 with a maximum value is 0.80 and a minimum value is 0.00 and a standard deviation is 0.10. Size company value using total assets of the company indicates that average value is 27, 93 with a maximum value is 41.95 and a minimum value is 20.28 and a standard deviation is 2.16. Public ownership have average value is 0.25 with a maximum value is 0.67 and a minimum value is 0.00 and a standard deviation is 0.16,

3.2 Classic assumption test

1) Normality test

Table 2
Normality Test

Kolmogorov-Smirnov Z	Asymp. Sig. (2-tailed)	Information
0.733	0.655	Normal

source: processed writer

Normality test using the Kolmogorov-Smirnov with a sig 0.655. This means that the value is above 0.05. Assumptions of this test is normality distributed.

2) Multicollinearity test

Tabel 3

Multicollinearity test

Variabel	Collinearity Statistics		Information
	Tolerance	VIF	
PROF	0,906	1,104	Free Multicollinearity
UMUR	0,943	1,060	Free Multicollinearity
UKDI	0,981	1,020	Free Multicollinearity
SIZE	0,870	1,149	Free Multicollinearity
SAPUB	0,934	1,071	Free Multicollinearity

source: processed writer

Multicollinearity test in this study by looking at the VIF and Tolerance. Tolerance value for each of the above variables 0.10 and VIF each variable below 10. This means there is no problems with multicollinearity.

3) Heteroscedasticity test

Tabel 4

Heteroscedasticity test

Variabel	Sig. (2-tailed)	Information
PROF	0,000	Indicate Heteroscedasticity
UMUR	0,346	Free Heteroscedasticity
UKDI	0,963	Free Heteroscedasticity
SIZE	0,000	Indicate Heteroscedasticity
SAPUB	0,452	Free Heteroscedasticity

source: processed writer

Heteroscedasticity test in this study using Spearman's Rank Correlation test by looking at the residual value sig. Sig on profitability variable and size company

is 0.00. This value is below the value of 0.05. Then the data indicate heteroscedasticity.

Tabel 5
Heteroscedasticity test

Variabel	Sig. (2-tailed)	Information
PROF	0,844	Free Heteroscedasticity
UMUR	0,396	Free Heteroscedasticity
UKDI	0,541	Free Heteroscedasticity
SIZE	0,381	Free Heteroscedasticity
SAPUB	0,982	Free Heteroscedasticity

source: processed writer

After the outlier 20 data, the profitability of the variable sig be 0.903, and sig size company become 0.379. This data free heteroscedasticity

4) Autocorrelation test

Tabel 6
Autocorrelation test

Adjusted R Square	Durbin Watson
0,291	2,031

source: processed writer

Autocorrelation test in this study using Durbin Watson. Autocorrelation test start from compare the value of higher limit (dU) with a lower limit value (dL). According to the table 4.6 obtained by value (dU) is 1.819 and a value (dL) is 1.717. For 4- (dU) amount is 2,181, amount of 4- (dL) is 2.283. The result is $d_u < d_L$ with a amount 1.819 < 2.048 < 2.181 so this the are not free autocorrelation.

5) Multiple Regression Test

Tabel 7
Multiple Regression Test

Variabel	Unstandardized Coefficients
Constant	-10,278
PROF	4,081
UMUR	-0,078
UKDI	-1,011
SIZE	1,183
SAPUB	-0,473

source: processed writer

Based on the results of multiple linear regression test above, the regression equation as follows:

$$ISR_i = -10,278 + 4,081\beta_1 - 0,078\beta_2 - 1,011\beta_3 + 1,183\beta_4 - 0,473\beta_5 + \varepsilon_i$$

$$\text{Nilai } \varepsilon_i = \sqrt{1 - R^2} = \sqrt{1 - 0,291} = \sqrt{0,8420} = 0,9176$$

So we get the regression equation:

$$ISR_i = -10,278 + 4,081\beta_1 - 0,078\beta_2 - 1,011\beta_3 + 1,183\beta_4 - 0,473\beta_5 + 0,9176$$

interpretation:

- 1) A value ε_i is 0.9176 is an islamic social reporting variance of variables that can not explained by the variable profitability, firm age, independent commissioners, company size, public shareholding.
- 2) -10,278 constant value is negative. This indicates ISR disclosure of 10,278 with the provisions of variables in this study was not included in the regression equation or a constant value (0).
- 3) The regression coefficient value β_1 is 4,081 is positive, that means if any increase profitability variable (β_1) of the unit, it will increase 4,081 units of islamic social reporting with assumptions variable age companies (β_2),

Independent commissioner (β_3), Company size (β_4), public shareholding (β_5) is remains.

- 4) The regression coefficient (β_2) value -0.078 is negative indicates that there is decrease one unit variable age companies (β_2), it will be a decrease on level of disclosure -0.78 islamic social reporting unit with assumptions profitability variable (β_1), Independent commissioner (β_3), company size (β_4), public shareholding (β_5) is remains.
- 5) The regression coefficient (β_3) value -1.011 is negative indicates there is decrease one unit variable Independent commissioner (β_3), it will be a decrease on level of disclosure -1.011 islamic social reporting unit with assumptions profitability variable (β_1), age companies (β_2), size company size (β_4), public shareholding (β_5) is remains.
- 6) The regression coefficient (β_4) value is 1.183 is positive indicates there is increase one unit variable size company (β_4), There will increase 1.183 islamic social reporting with assumptions profitability variable (β_1), age companies (β_2), Independent commissioner (β_3), public shareholding (β_5) is remains.
- 7) The regression coefficient (β_5) value is -0.473 is negative indicates there is decrease one unit variable public shareholding (β_5) there will decrease - 0.473 islamic social reporting with assumptions profitability variable (β_1), age companies (β_2), Independent commissioner (β_3), company size (β_4) is remains.

3.3 Hypothesis testing

1) Adjusted R^2 test

Tabel 4.8
Adjusted R^2 test

Adjusted R Square	Durbin Watson
0,291	2,031

source: processed writer

According to the table, the adjusted R^2 test in this study is 0.291. This value indicates that the influence of the independent variable are profitability, firm age, independent commissioners, size company and public shareholdings on the dependent variable ISR which can be explained by this equation models by 29,10% while the remaining 71% are influenced by other factors outside the research.

2) F test

Tabel 9

F test

Model	F	Sig
Regression	23,849	0,00

source: processed writer

Sig value is less than 0.05, then simultan independent variables are profitability, firm age, independent commissioners,size company and public shareholdings that were significant influence on the dependent variable ISR.

3) t test

Tabel 10

t test

Model	Unstandardized		
	Coefficients	t	Sig
PROF	4,081	3,079	0,002
UMUR	-0,078	-3,120	0,002
UKDI	-1,011	-0,497	0,619
SIZE	1,183	9,343	0,000
SAPUB	-0,473	-0,362	0,717

source: processed writer

The results of t test is aimed to test the effect of independent variables (profitability, firm age, independent commiesioners,size company and public shareholdings) to the level ISR years 2013- 2016. Based on the results of the t

test, we can conclude that the profitability, firm age and size company affect the level of disclosure of ISR.

Interpretation of this research are as follows:

1) The effect profitability on disclosure of islamic social reporting (H1)

t value is 3.079 is positive, supported by significant value is 0.002 which is smaller than value of significant $\alpha = 5\%$. So, H0 is rejected and H1 accepted which means that the independent variable significant profitability and positive effect on disclosure of ISR. Value profitability measure the company's ability to create good profits in the form of additional income or decrease the level of debt so that it becomes a reflection of the company's efficiency. The higher the return or income in the future, the better position / position of the owner company. This resulted in the company will be easier to reveal the activity of Islamic social responsibility.

These results are consistent with results of research conducted by Nurman and Dewi (2013) and Widiawati (2012) which use ROE as a proxy for the profitability factor. According Widiawati (2012) found a positive effect of profitability affecting manufacturing, non-manufacturing companies, companies that use Islamic banks and companies that do not use Islamic banks to conduct ISR disclosure. Some empirical evidence shows that companies which are in the advantageous position will tend to disclosure information more broadly. According Nurman and Dewi (2013) the increase could be due to an increase in the company's ability to execute and perform social responsibility disclosure by sharia to users report.

However, this study opposite direction to the research results Faricha (2015) who said that profitability did not significantly influence the ISR. This is according to Gray et al, (1995) in Faricha (2015) may occur due to the disclosure of corporate social responsibility is not related to profitability in the same period, but may relate to profitability in the previous period.

2) The effect firm age on disclosure of islamic social reporting

T value is -3,120 is negative with sig 0,002 value smaller than the value of significance $\alpha = 5\%$ and is therefore H0 rejected and H2 received, which means a significant independent variable firm age and negatively affect the level of disclosure of ISR. Increasing firm age, decreasing in the level of disclosure of ISR. This happens because the older the company, the more people who work in and take into consideration the social responsibility to disclose Islamically more broadly.

This study is consist with research by Lestari (2015) firm age showed a significant influence on the disclosure of ISR. because with the company longer stand will gain more confidence from investors (owners of capital) and is also known to greatly affect the company's financial statements, because it has more information related to the development and growth of the company. But in research has different interpretation. Firm age significantly and negatively affect the level of disclosure of ISR. This means that the older the age of the company, further decrease the level of disclosure of ISR.

This research was conducted in the opposite direction with Raditya (2012) and Faricha (2015) that the age of the company has no significant effect on the disclosure of social responsibility syaraih. Faricha (2015) which says that the firm age variable no significant effect on the ISR. How long has the company stands does not affect the proportion of the disclosure of ISR. Companies with a longer lifespan is not necessarily going to do a more extensive disclosure of ISR.

3) The effect independent commissioner on disclosure of the islamic social reporting

T value -0.497 is negative with significant value 0.619 that more highly than significance $\alpha = 5\%$ and therefore H0 rejected and H3 received. That means that independent commissioner did not effect on the level disclosure of ISR. Amount of commissioners in a company do not affect the broad disclosure of corporate islamic social reporting because ISR policy is a strategic of management and board of commisioners has not involved directly against the policy.

The results are consistent with Anggraini (2017) said that the commissioners has no effect on the level of disclosure ISR. This result is opposite in direction research by Faricha (2015) and Nurman and Dewi (2013) which said independent commissioners positive effect on the level of disclosure ISR. They argue that the presence of independent commissioner can oversee and direct the company in the disclosure of ISR widely.

4) The effect company size on disclosure of the islamic social reporting (H4)

T value is 9.294 is positive, supported by 0.00 significant value smaller than the value of significant $\alpha = 5\%$. Therefore H0 rejected and H4 received. That means firm size is significant and positive effect on the level of disclosure ISR. The higher the total assets of the company, the greater the activity expected by the company to the company's progress. One of them is increasing the level of social responsibility disclosure Islamically in the future.

The results of this study are consistent with research Othman et al. (2009), Widiawati (2012) and Hadli (2014), which prove that the size of the company measured by total assets proxy positive influences the ISR. The larger assets company will make highly the disclosure of social responsibility (ISR) than smaller companies. Larger companies are they have more resources than smaller companies. The larger companies certainly have the resources, facilities, and more serious human resources to be able to do more appropriate with disclosure Islamic social reporting (Othman et al., 2009).

5) The effect public shareholding on disclosure of islamic social reporting (H5)

T value -0.424 is negative with 0.672 significant value higher than value of significant $\alpha = 5\%$. Therefore H5 acceptable and H0 rejected. That means variable public shareholding do not affect the level disclosure of ISR. The higher level of ownership in the company could decline in the welfare of shareholders because of the social and economic impact of such inflation which resulted in the

decline in stock prices. It has nothing related with management to islamic social reporting.

The results are consistent with research Raditya (2012), Nurman and Dewi (2013) and Hadli (2014) which said public shareholding did not affect the level of disclosure ISR. No significant effect can be due to public ownership is a combination of all stocks that are widely beyond the institutional, managerial, government and foreign, and only has a minority interest as a stakeholder in an entity, so it did not have any influence or exert pressure on management companies to disclosure information on corporate social responsibility at the company's annual report.

4. CONCLUSION

4.1. Conclusion

Based on research, it can take some conclusions from these results, among others:

- 1) The results of this study have 43 Islamic social reporting disclosure items that are arranged in accordance with the six themes of the research study Othman et al (2010). The index is categorized into six themes, namely, funding and investments, products or services, employees, community, environmental, and corporate governance.
- 2) Variables profitability is significant and positive influence on the Islamic social reporting. Thus, companies that have higher returns tend to perform social responsibility disclosure by sharia wider
- 3) Variable Firm age is significant and negative effect on the Islamic social reporting. Thus the age of the firm has the opposite relationship in terms of social responsibility revealed by sharia
- 4) Variable independent commissioner did not effect on the Islamic social reporting. Thus there is no difference in terms of social responsibility revealed by sharia with the large number of independent board members

- 5) Variable size company is significant and positive effect on the level of disclosure ISR. Thus, the greater the total assets, the company has a greater chance in terms of social responsibility revealed by sharia.
- 6) Variable public shareholding has no effect on the level of disclosure ISR. Thus, companies whose shares are mostly held by the public tends there are not significant differences in expressing social responsibility by sharia.

4.2. LIMITATIONS

This research has several limitations, among others:

- 1) Source of information used as ISR index disclosure assessment material only limited on annual reports that sometimes do not provide complete information about the company's operational activities in the year specified.
- 2) The use of disclosure items in the Islamic Social Reporting (ISR) index of this study is limited to the ISR index by Haniffa and Othman allowing for the subject disclosure which less reflective of the characteristics and conditions in Indonesia.
- 3) Use of content analysis in this study make there is subjectivity at review the ISR index of each sample.

4.3 SUGGESTION

- 1) Add a source of research information that research results more accurate.
- 2) Develop of points disclosure ISR indexes more comprehensive by see the characteristics and conditions in Indonesia. This is doing for ISR index more than better reflect social responsibility in accordance with the principles of Islam and can be adequate for in Indonesia.

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